

Testimony of Tom Swan, Executive Director of the Connecticut Citizen Action Group (CCAG)

March 4, 2012

On SB 843 AAC Revenue Items to Implement the Governor's Budget

Representative Widlitz, Senator Fonfara and other members of the Finance Revenue and Bonding Committee, my name is Tom Swan and I am the Executive Director of the CT Citizen Action Group (CCAG). I am here today to testify on SB 843 AAC Revenue Items to Implement the Governor's Budget.

I realize the challenging, but important task you face in developing biennium budget for the next two years. As we see with the national budget debate. People are not only willing to support additional revenue if it is done in a fair manner; they actually prefer revenue over cuts.

I will briefly address specific pieces of the governor's proposal and then offer some suggestions for possible alternatives to consider. I should note that CCAG is an active partner in the Better Choices for CT Coalition.

First, CCAG opposes the scheme to auction Standard Offer customers and strongly urge its rejection. Taking away these customers right to choose a standard option is not only an affront to these consumers, it also will eliminate an essential incentive for retailers to keep costs down. Despite huge incentives to switch, a majority of residential customers have chosen not opt out of the Standard Offer and should not be forced to.

CCAG opposes the proposed cuts to Earned Income Tax Credit. It is unconscionable to us that we would be trying to balance the budget on the backs of the working poor while still not asking the wealthiest amongst us and large corporations to pay their fair share. It is even more appalling when some used the adoption of the credit as a rationale for opposing a much needed minimum wage increase last year.

We do believe there are a number of revenue enhancement strategies that make more sense and that could help us avoid many of the painful cuts on the appropriations side. These include:

- Raise the income tax on the top two percent of taxpayers to 6.8% of people making between one and two dollars million a year and to 8.8% on income over \$2 million. This could bring in over \$400 million and keep us below NYs rate.
- Repeal the estate tax cuts enacted in 2009.
- Close corporate tax loopholes that allow large corporations to hide their earnings and avoid taxes. If we require combined reporting, as 22 other states do, it would allow us to collect tens of millions of dollars that large corporations are currently avoiding.
- Institute a fee on large employers who are dumping their employees into our HUSKY programs. Walmart and other large employers have made clear their intention to cut their underpaid workers hours to avoid their responsibility under the Affordable Care Act and pass these costs off to

taxpayers. A similar proposal is being considered in California and the concept has been raised in another committee here in CT.

- Reduce tax expenditures – these expenditures need to be scrutinized on an annual basis just like appropriations.
- Expand sales tax to certain professional services and luxury purchases.

These ideas could bring in hundreds of millions of dollars, be distributed fairly, and helps working families and small businesses by leveling the playing field. Thank you for your time and consideration.